

## REMARKS

In view of the foregoing amendments and following remarks, reconsideration of this application and early allowance of the application is respectfully requested.

Claims 1-8 are currently pending in this application. Claims 1-8 stand rejected under 35 U.S.C. §102(e) as being anticipated by Nichols et al. U.S. Patent No. 6,354,491. Also, claims 3 and 4 are objected to as being dependent upon a rejected base claim, but the Examiner indicates that these claims would be allowable if rewritten in appropriate independent form.

As discussed below, claims 1 and 5 have been amended to more particularly point out and distinctly claim Applicant's invention. No new matter has been introduced.

Applicant has rewritten claim 3 in appropriate independent form. Accordingly, it is believed that claim 3 is now in condition for immediate allowance, and notice to this effect is requested. Further, it is submitted that claim 4 is also in form for immediate allowance by virtue of its dependency from claim 3 as well as for the additional features and steps recited therein. Notice to this effect is also requested.

Applicant notes that claims 7 and 8 recite a corresponding system for effecting the process claimed in claims 3 and 4. Given that the Examiner has found allowable subject matter in the process steps recited in claims 3 and 4 in view of the prior art cited by the Examiner, it follows logically that the system for effecting such specific process steps is patentably distinguishable over the cited prior art. Accordingly, Applicant has also rewritten claim 7 in appropriate independent form, and it is submitted that claim 7 is now in condition for allowance. Notice to this effect is respectfully requested. Further, it is submitted that claim 8 is in form for allowance by virtue of its dependency from claim 7 as well as for the additional features recited therein. Notice to this effect is also requested.

As set forth in detail in the specification and drawings of the present application, Applicant's invention is directed to a system and method for providing a comprehensive database source of information as to whether or not checks drawn on relevant accounts in the past have cleared and were paid. The database is used to verify and authenticate negotiable checks drawn on any account from any financial institution.

The database is generated by tracking checks received for processing, rather than by information received from the banks or financial institutions, and contains data representative of known accounts that are "in good standing" and data representative of accounts that are either closed or known to be "not in good standing." The database includes records of checking accounts at all financial institutions irrespective of whether a given institution contributed any data.

The present invention differs significantly from conventional check acceptance databases in that it does not require either the check writer's bank or any other entity to submit account data. Rather, a financial institution or other entity operating the system and method according to the present invention collects data from all of the checks it receives from its depositors or customers for payment or processing.

The present invention is particularly adapted for use by a group of subscribing financial institutions and other entities. Additional data records can come from any subscribing financial institution that processes checks for itself or on behalf of other entities. Each participating financial institution can add its own accounts to the inventive database; and other entities can add their information independent of whether such entities' financial institutions participate.

Independent claims 1 and 5 have been amended to more particularly point out and distinctly claim the foregoing. Particularly, claims 1 and 5 now affirmatively recite that the system database is a “comprehensive” database and that check verification is conducted “without providing access to sources of checking account information other than said comprehensive database.” No new matter has been introduced.

Turning now to the rejection of claims 1-8 as being anticipated by the Nichols patent, as now explained, a review and reading of the Nichols reference makes clear that the reference does not disclose Applicant’s system and method as claimed. Applicant respectfully submits that differences exist between the system and method claimed in the present application and the system described in Nichols that warrant the withdrawal of the claim rejections on anticipation grounds.

Nichols describes an automated system for processing and settling (electronically, from consumer bank checking or depository accounts) a purchase transaction at the point of sale and at the time of purchase. The Nichols system supports a purchase (i.e., using a check) authorization process whereby a consumer’s checking account information is input by a merchant together with the purchase amount. An inquiry from the merchant’s POS terminal is then directed to a computer data file center for authorization first against the system’s “known” file of “checkwriter records” whereupon a current status field is verified. A status field listing the check writer record as “in good standing” results in a purchase approval; a status field listing the check writer record as “not in good standing” results in a purchase disapproval. Any inquiry not resulting in a match to a current status field in the system’s “known” checkwriter database is passed to one or more additional databases residing on or external to the Nichols system such as the “SCAN” database referenced in the patent.

The focus of the Nichols patent is on effecting payments for point-of-sale purchases, and accordingly, in contrast to the system and method of the present invention as affirmatively claimed in the present application, Nichols does not describe building a comprehensive database of checking account information that eschews reliance on accessing additional databases including conventional external proprietary third party databases (see e.g., col. 11, lines 34-43; col. 14, lines 33-38). Independent claims 1 and 5 of the present application, as amended, therefore recite an arrangement not found in the Nichols reference, and the Nichols reference cannot anticipate or render these claims obvious.

The Federal Circuit has instructed that anticipation requires the disclosure in a single prior art reference of each element of the claim under consideration. See *W.L. Gore & Assocs. v. Garlock, Inc.*, 220 USPQ 303 (Fed. Cir. 1983), *cert. denied*, 469 U.S. 841 (1984); see also *Lindemann Maschinenfabrik GmbH v. American Hoist & Derrick Co.*, 221 USPQ 481, 485 (Fed. Cir. 1984) (requiring that the prior art reference disclose each element of the claimed invention arranged as in the claim). Considering that the system and method of the present invention as claimed in independent claims 1 and 5 as amended differ in arrangement and operation from the system disclosed in Nichols, as discussed above, it is respectfully submitted that claims 1 and 5 are patentable over Nichols. Notice to this effect is earnestly solicited.

Claims 2 and 6 which respectively depend from independent claims 1 and 5 are allowable by reason of the same distinctions discussed above with respect to independent claims 1 and 5. Claims 2 and 6 are also allowable for the additional features, structure and steps recited therein. Notice to this effect is also respectfully requested.

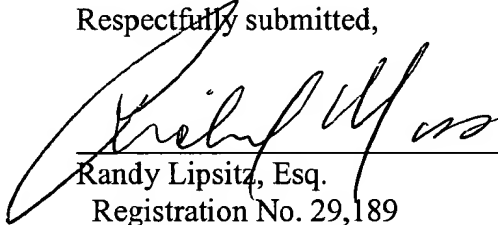
The Hills et al. reference cited by the Examiner but not applied is believed to be merely of interest, and no further discussion of the reference is deemed necessary or appropriate at this time.

On the basis of the foregoing amendments and remarks, Applicant respectfully submits that this application is in condition for immediate allowance, and notice to this effect is earnestly requested. The Examiner is invited to contact Applicant's undersigned attorneys at the telephone number listed below if it will advance the prosecution of this case.

No fee is believed due with this Response other than the \$950.00 fee associated with the Petition for a Three-Month Extension of Time submitted herewith.

Please charge any fee deficiency and credit any overpayment to the undersigned attorney's Deposit Account No. 50-0540.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy Lipsitz", is written over a horizontal line.

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